MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2018/2019

BCP3054 – COMPARATIVE ECONOMICS

(All sections / Groups)

9 MARCH 2019
2.30 p.m. - 4.30 p.m.
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **TWO (2)** printed pages with **FOUR (4)** structured questions excluding cover page.
2. Marks are shown at the end of each question.
3. Write all your answers in the answer booklet provided.
4. Answer **ALL** questions.

Question One (25 marks)

(a) Describe **THREE (3)** significant changes that occurred during the Industrial Revolution that led to dramatic economic rise of Europe and North America in the nineteenth century. (6 marks)

(b) Compare static efficiency with dynamic efficiency using a Production Possibilities Curve. (13 marks)

(c) "Decisions on public choices can be made according to different political institutional arrangements".

Gregory P.R. and Stuart R.C. (2014). The Global Economy and Its Economic Systems, (1st Ed); Cengage Learning.

Differentiate how public choices are made in **TWO (2)** extreme political institutional arrangements – a dictatorship and a democracy. (6 marks)

Question Two (25 marks)

(a) Compare capitalism to socialism in terms of the Efficiency Hypothesis and the Stability Hypothesis. (12 marks)

(b) Examine the non-economic factors that affected the pattern of growth in Japan's economy. (6 marks)

(c) "The ***board of directors*** is elected by the stockholders [in the United States], makes its major decisions, and appoints management to run the corporation. Each of the board members has a ***fiduciary responsibility*** to the shareholders".

Gregory P.R. and Stuart R.C. (2014). The Global Economy and Its Economic Systems, (1st Ed); Cengage Learning.

Analyse the relationship between board of directors and fiduciary responsibility in United States. (7 marks)

Continued...

Question Three (25 marks)

(a) Appraise the soft-budget constraints with respect to the enterprise performance in a socialist economy. (9 marks)

(b) "According to the 1982 Constitution and subsequent amendments, China now aims for 'socialist modernization'. Instead of 'continuous revolution', the Communist Party advances society 'along the road of Chinese-style socialism' ".

Gregory P.R. and Stuart R.C. (2014). The Global Economy and Its Economic Systems, (1st Ed); Cengage Learning.

Appraise the evolution of 'Chinese-style socialism' as described above, in terms of private property rights. (6 marks)

(c) Explain the reasons that cause privatisation to be "conceptually feasible, and easier to achieve" in market economies compared to socialist economies. (10 marks)

Question Four (25 marks)

(a) What are the limitations faced by Islamic economics due to the fact that Islamic law does not recognize both nonpersons as legal persons and the concept of limited liability? (6 marks)

(b) "Multinationalism threatens national identity and weakens sovereign control over economic destiny".

Gregory P.R. and Stuart R.C. (2014). The Global Economy and Its Economic Systems, (1st Ed); Cengage Learning.

Evaluate current trends that emphasise on multinationalism in relation to the ideal of national sovereignty. (13 marks)

(c) Evaluate the prohibition of interest (*riba*) by Islamic economics. (6 marks)

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